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Contracting

**SOURCE SELECTION ACTIVITIES GUIDE
PERFORMANCE RISK ASSESSMENT GROUP
(PRAG) GUIDE**

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ABOUT THIS GUIDE

This guide is the result of the efforts of the Air Force Materiel Command (AFMC) Source Selection Integrated Product Team (SS IPT). It is based substantially on the PRAG guide first developed by Electronic Systems Center (ESC), and has been modified to be suitable for use at all AFMC Centers in conducting source selections.

Since the SS IPT has been chartered to seek ways to improve the source selection process on an ongoing basis, this guide is subject to continuous improvement. It will change over time to reflect new ways of conducting performance risk assessments as these improvements are identified.

This document is intended to provide the membership of a Performance Risk Assessment Group (PRAG) with a guide to the activities that should be performed in support of a source selection conducted within AFMC in accordance with Air Force FAR Supplement (AFFARS) Appendices AA and BB, which govern in case of any conflicting data or guidance.

The guide describes the steps that should be taken by the PRAG in performing their analysis. The guide provides information on all steps in the process from prior to release of the Request for Proposals (RFP) to documenting and briefing the results of the PRAG's analysis. This should result in the orderly presentation of such information and performance risk assessment to the Source Selection Authority (SSA) for use in making an award decision.

The guide may be supplemented to address procedures and activities which are unique to the way individual centers conduct their source selections and to include local samples of briefing formats, report formats, etc.

The PRAG guide is maintained by the Contracting Policy Division, HQ AFMC/PKP, 4375 Chidlaw Road, Suite 6, Wright-Patterson AFB, OH 45433-5006. Recommendations for improvements and corrections to this guide are welcome, and may be addressed to this office.

SUMMARY OF REVISIONS

This Guide has been completely updated and must be thoroughly reviewed.

1. PRAG Source Selection Activities Guide:

1.1. List of Pertinent Documents:

1.1.1. AFFARS Appendix AA, Formal Source Selection for Major Acquisitions, and AFMC-FARS Appendix AA.

1.1.2. AFFARS Appendix BB, Source Selection Procedures for Other than Major Acquisitions, and AFMCFARS Appendix BB.

1.1.3. AFMCI 64-107, *Contractor Performance Assessment Reporting System (CPARS)*.

1.2. Background. The PRAG is a team within the source selection organization that is tasked with assessing the performance risk of each offeror and its critical or teaming subcontractor(s). The PRAG provides the Source Selection Advisory Council (SSAC) or Source Selection Evaluation Team (SSET) Chairperson with an independent assessment of the offeror's ability to perform the proposed effort. Figure 1 shows the relationship of the PRAG to the source selection organization. The PRAG consists of experienced government personnel appointed by the SSAC or SSA to assess performance risk. The PRAG is a separate entity that may report directly to the SSA, or to the SSAC or SSET Chairperson.

Table 1. Common Terms.**PRAG Guide Terms**

Source Selection Focal Point

Section L Instructions

Section M

Competitive Range Briefing

Executive Summary

Also Known As

Source Selection Officer

Source Selection Secretariat

Acquisition Support Office

Instructions for Proposal Preparation (IFPP)

Instructions to Offerors (ITOs)

Proposal Instructions to Offerors (PIOs)

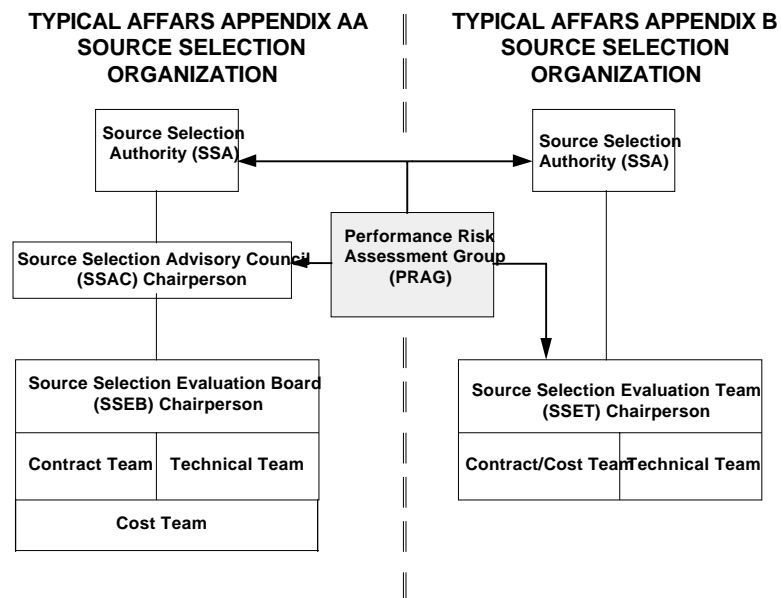
Proposal Preparation Instructions (PPIs)

Evaluation Criteria

Initial Evaluation Briefing

Mid-Term Briefing

Synopsis Volume

Figure 1. The PRAG Relative to Typical Source Selection Organization Structures.

2. Prior to Release of Request For Proposals (RFP):

2.1. Formation of the PRAG. The PRAG should consist of one or more government individuals with broad experience in acquisitions similar to the acquisition for which performance risk will be assessed. These individuals may be military or civilian (no contractor personnel). The rank or grade of the individual who chairs the PRAG should normally be the same as or one level below the rank or grade of the SSEB/T chairperson, and the PRAG chairperson is also normally at least Level II certified in APDP. This will be dependent on the availability of personnel and their relevant experience. The total membership of the PRAG depends on the complexity of the program and the number of proposals expected; two or three members are normally sufficient.

2.2. Getting Started. The first action of the PRAG chairperson should be to meet with the local source selection focal point. This individual will provide the latest guidance with respect to conducting performance risk assessments, local briefing formats, and lessons learned. The focal point can also identify sources of performance data that are available locally and explain how this information can be obtained.

2.3. Determine Administrative Requirements. The PRAG will require a secure work area with access to telephones, a fax machine and locking file cabinets. If dedicated source selection facilities are not available, the PRAG chairperson must ensure that the necessary resources are obtained. When the PRAG is located away from a dedicated source selection facility, members should be reminded of their responsibility to protect all source selection information received or generated throughout the process. The PRAG Chairperson must also ensure adequate clerical support is available to the PRAG team. This may require coordination with the SSET or SSAC Chairperson.

2.4. Review Supporting Documentation. A review of all current source selection regulations, supplements and instructions should be conducted before the PRAG effort begins as specific PRAG guidance and RFP language are included in these documents. *(See paragraph 1.1 for a listing of these documents. Review this listing with your source selection focal point for currency.)* A review of the key RFP documents and provisions such as specifications, statements of work, and Sections L and M is essential to get a working knowledge of the primary objectives of the acquisition.

2.5. Prepare Inputs for Section L of the RFP:

2.5.1. This portion of the Section L instructions should be written to solicit information on the offerors' present and past performance to enable the PRAG to determine how closely the work performed relates to the evaluation areas and factors. Offerors should be requested to submit information they consider relevant in demonstrating their ability to perform the proposed effort. This information may include data on efforts performed by other divisions, corporate management, critical subcontractors or teaming contractors, or the relevant element of predecessor entities forming new companies by merger/consolidation. The offerors should be instructed to explain how such resources will be brought to bear or significantly influence performance of the proposed effort. The offerors should also be instructed to identify knowledgeable points of contact for each listed contract. Relevancy criteria that limit the offerors' performance data submission, such as dollar value, product line, and time should generally not be stated in the solicitation. Instead, offerors should be requested to focus their input on the source selection areas and factors identified in Section M, basis for award and on the business division(s) where contract activity will actually be performed.

2.5.2. The required content and format for the past performance data submission must be included in the Section L instructions. (See AFMCFARS Appendices AA and BB for required language.) The Section L instructions should state that the offerors can enhance the quality of the past performance portion of their proposal by clearly identifying which past contracts are relevant indicators of performance against specific source selection factors (or areas if factors are not used). As a minimum, the instructions should request the original schedule and cost/price, the current schedule and cost/price, and the reason for any differences. Offerors should be cautioned to ensure that information with respect to points of contact for respective contracts is current. For convenience, it is recommended that the requested performance information be provided in a separate volume of the offeror's proposal. The page limitation on this volume should be clearly stated.

2.6. Verify Comparability with Section M of the RFP. Section M should clearly state that the government will conduct a performance risk assessment based upon the offeror's present and past performance as it relates to the probability of successful accomplishment of the proposed effort. Section M should also notify offerors that independent data as well as data provided in their proposal will be used to assess performance risk. Section M should also explain how the performance risk assessments will be considered in the integrated evaluation of proposals. (See AFMCFARS Appendices AA and BB for required language.)

3. Prior to Receipt of Proposals:

3.1. Prepare Documentation. The period between RFP release and receipt of proposals can be effectively used to prepare the following documents that will be required during the PRAG evaluation process;

3.1.1. Verification/Fact Finding Questionnaire. This is a questionnaire that will be sent to government and/or non-government sources to: (1) verify present and past performance information contained in the offeror's proposal; and (2) obtain information about other contracts not mentioned in the offeror's proposal, but which are believed to be similar to the on-going source selection effort. The questionnaire should be structured to avoid yes/no answers and obtain both historical and current contract status information as well as elicit detailed information about the offeror's performance as it relates to the specific evaluation areas and factors for award (Section M) of the solicitation. Normally, the questionnaire will include at least one question on each specific evaluation factor. A questionnaire normally is not needed for a specific contract when Contractor Performance Assessment Reports (CPARs) are available. (See paragraph 4.6.)

3.1.2. Cover Letter. A single page cover letter that is complete except for the date and addressee information should be prepared. It should accompany the verification/fact-finding questionnaire. This letter should clearly explain why and when the requested information is needed as well as to whom and how the information should be returned as the completed questionnaire contains source selection information. This letter should be sent to the appropriate points of contact. Signature on the cover letter shall normally be the PRAG Chairperson. *For an example, see Attachment 1.*

3.1.3. Worksheets. The magnitude of the PRAG assessment effort is determined by the number of offerors responding to the solicitation, as well as the number of proposed subcontractors. It is not uncommon for the PRAG to review and report on a large number of contracts. To facilitate the control of this effort, the use of previously prepared worksheets to track the status of questionnaires has proven helpful. *For an example, see Attachment 2.*

3.2. Develop PRAG Schedules. The source selection will have its own schedule of activities from receipt of proposals to the SSA decision briefing. Therefore, it is necessary for the PRAG Chairperson to develop a schedule that reflects the PRAG's efforts to support the overall source selection process. This is necessary to determine due dates for questionnaires and the effective use of PRAG resources. Schedule constraints may necessitate parallel activities by the various PRAG members. The PRAG should be prepared to support an award without discussion when the possibility arises. When this scenario is contemplated, the PRAG should plan for the receipt of questionnaires earlier, expedite analysis, and complete the PRAG report by the time the decision to award without discussions is made. The PRAG Chairperson should coordinate with the SSEB/T Chairperson to ensure the PRAG schedule supports the overall source selection schedule.

4. After Receipt of Proposals:

4.1. Caution Regarding Discussions with Offerors. PRAG members/advisors must not engage in dialogue with offerors after receipt of proposals unless and until the SSA has determined that discussions are needed. Even if discussions are to be conducted, no communication should take place between the offerors and PRAG team without the knowledge and approval of the contracting officer.

4.2. Review Proposal Summary Information. When proposals are received, the members of the PRAG should, at a minimum, review the Executive Summary included with each proposal. This review is intended to familiarize the PRAG with the overall technical and management approach of each offeror, the subcontractor(s) proposed by each offeror, and provide a basis for interaction with other members of the SSEB/T during the source selection process.

4.3. Secure Past Performance Data. Following the review of the Executive Summary of each proposal, the PRAG should obtain from the PCO all past performance data from each offeror's proposal. When not working with the data, it should be placed in locked containers at the location where the PRAG is conducting its evaluation.

4.4. Identify Prior Contracts. The SSEB/T may assign an alphabetical character, or some other "shorthand" identifier, to each proposal. For consistency and better communication the PRAG should use the same character(s) to identify each offeror and a separate numerical character to identify each contract that is covered in the past performance data included in the proposals, e.g., A-1, A-2, B-1, B-2, B-3, etc. In addition, if the referenced contract is that of a subcontractor to the prime offeror, an identifier such as AS-1, AS-2, etc., should be used to note the subcontractor status of the data. These alphanumeric identifiers, if used, should be used throughout the PRAG effort.

4.5. Conduct Relevancy Screening. The PRAG should screen the information provided for each of the referenced contracts to make an initial determination of its relevance to the current requirement. Such aspects of relevance include the type of effort (development, production, repair, etc.), and the type of requirement (weapon systems, information systems, engineering services, programmed depot maintenance, etc.). In the event of company merger/consolidation, the PRAG must consider whether the new entity created by the merger/consolidation is substantially different so as to negate the relevance of the PPI. Some typical factors to consider when determining whether a merged/consolidated company is substantially different from the time PPI was collected are: changes in management structure and philosophy; effect of merger/consolidation on internal operations; key personnel changes; anticipated changes to product lines/services; and geographical expansions, re-locations, and/or closings. PPI will tend to be less relevant as the changes in corporate attributes impacting the acquisition increase. The objective of the screening is to remove from consideration those contract references

that are clearly unrelated to any evaluation criteria. It should be noted that valuable information can be obtained from seemingly unrelated prior contracts regarding technical capability, management responsiveness, proactive process improvements, ability to handle complex technical or management requirements, etc. Other members of the source selection team may be consulted as necessary for assistance in determining relevancy.

4.6. Obtain Contractor Performance Assessment Reporting System (CPARS) Data. The AFMC CPARS is a manual database system that provides detailed information and an assessment of the on-going performance of Air Force contractors. Each report in the CPARS consists of the project manager's narrative assessment and performance ratings (exceptional, satisfactory, marginal or unsatisfactory) in 10 areas, the contractor's comments, if any, relative to the assessment, and any comments by the CPAR approving official. AFMCI 64-107 contains specific instructions for obtaining CPAR data and for proper handling of the data. It should be noted that, if current CPAR data is available for a particular contract, use of a questionnaire is normally unnecessary, as the CPAR provides all needed data relevant to the contract in question. If the CPAR is more than six months old, it may be beneficial to request a questionnaire to capture any changes that could have transpired.

4.7. Transmit Questionnaires. Using the information furnished by the offerors, the PRAG should confirm by telephone at least one point of contact (POC) for each referenced contract, preferably the Program Manager. The POCs should, wherever possible, be Government employees with personal knowledge of the past performance of the contractor in question. In addition to Program Managers, POCs could include the end user, government agency and/or commercial customer, equipment specialists, systems engineers, contracting officers, ACOs, or pre-award survey monitors. POCs may also include private contractor personnel only when reference contracts are commercial/non-Governmental. Use the initial telephone contact to determine a fax number for questionnaire transmission. Include the name of the referenced contract and contract number so that the respondent can identify the related past performance activity. In addition, be sure that the questionnaire includes instructions that the PRAG be contacted when the completed questionnaire is ready to be faxed so that it can be protected at all times.

4.8. Follow-Up With Telephone Contacts. A few days after faxing the questionnaire, the PRAG should make a follow-up telephone call to confirm that the POC received the questionnaire and will be able to meet the requested suspense date. If a questionnaire has not been returned by the suspense date indicated in the transmittal letter, a follow-up telephone call should be made to the POC to ensure that a response is forthcoming and confirm the new suspense date. Such follow-up calls should be made promptly to encourage timely completion and delivery of the questionnaires. The PRAG may also enlist the aid of the SSET or SSAC chairperson, when appropriate, to enhance the follow-up effort.

4.9. Conduct Questionnaire Interviews. For those POCs in the local area, the PRAG may choose to conduct personal interviews to complete the questionnaire for each of the referenced contracts. Such interviews may elicit additional information concerning the past performance of the offeror or subcontractor not readily apparent through the use of the questionnaire alone, particularly since information can be easily obtained from more than just the single POC. Personal interviews may also be desirable outside the local area (resources permitting), especially when the referenced POC is a DCMAO/DPRO. In such cases it may be advisable to in-brief and interview the organizational commander. The commander can then ensure that the most knowledgeable personnel are available for interview. Such visits often provide the PRAG with information concerning other contracts not referenced in the offeror's proposal.

4.10. Analyze Returned Questionnaires. The responses on the returned questionnaires, together with questionnaires completed through individual interviews, should be analyzed with key data documented in an easy-to-follow format. The data can then be the key input in the preparation of the PRAG briefings to the SSET or SSAC, and the SSA, as well as in the preparation of the PRAG's written report. Where requested information has been omitted from the returned questionnaire, a telephone call should be made to the individual who completed the questionnaire to secure the additional data.

4.11. Perform Final Relevancy Determination. Once the list of contracts provided by each offeror has been screened for relevance and the associated questionnaires have been received and analyzed, it is then necessary to assess the importance of each contract relative to the requirement being competed. It is often helpful to assign ratings to each contract such as relevant, somewhat relevant or not relevant, using a worksheet format. It should be noted that some of the referenced contracts will be relevant to the effort under source selection, while in other cases only portions of the cited contracts may be similar. Relevance is driven by how closely the skill demonstrated in the prior contract, e.g., sub-contract management, matches the degree to which that skill will be utilized on the new contract. In the final analysis, those efforts most relevant to the effort under source selection will be considered more important in the PRAG's overall risk assessment.

4.12. Review Other Data Sources. The PRAG can obtain greater insight into the present and past performance of an offeror by reviewing as many data sources as possible. See your local source selection focal point for other data sources. The PRAG should also contact other activities within AFMC as well as other Air Force and DOD organizations as determined necessary by the PRAG chairperson or the SSET or SSAC chairperson. The PRAG should undertake an aggressive effort to find and report additional relevant contracts not identified as past performance by the offerors in their proposals, since offerors tend to list contracts that will put them in the best light.

4.13. Analyze the Data. The PRAG team should assemble the data gathered concerning each contract for each offeror and for each offeror's critical subcontractor (s) and perform an analysis of the data. The objective of the analysis should be to identify those key pieces of data concerning the offeror's (and subcontractor's) present and past performance that should be highlighted in the PRAG briefings and in the final written PRAG report. The analysis should include a comprehensive interpretation of the information gleaned from the questionnaire responses, from any staff interviews, CPARs, and from the other sources of offeror past and present performance data. Past performance data that is in dispute may be considered by the PRAG. When considering such data, i.e., facts in dispute or active litigation, the PRAG shall consult legal counsel so as not to compromise the Government's position in the legal proceedings. The objective is the assignment of a risk rating of high, moderate, low or not applicable (N/A) at the highest level at which color and proposal risk ratings are assigned; performance risk ratings may also be assigned at lower evaluated levels. If other than a low performance risk rating is assigned, clarification requests (CRs) are usually generated. A performance risk rating shall always be assigned for the cost area. These ratings should be arrived at independently after consideration of all relevant past performance data received and of the complexities and unique features of the instant program. This consideration must include an assessment of the management actions/efforts utilized by the contractor to resolve problems encountered on prior contracts. For example, submittal of quality performance or other management indicators may substantiate that an offeror has overcome past problems. While ratings are arrived at independently, the PRAG Chairperson should review the ratings from one offeror to the next to ensure consistency overall. Merely having problems should not automatically equate to a moderate or high risk rating, since the problems

encountered may have been on a more complex program, or an offeror may have subsequently demonstrated the ability to overcome the problems encountered, thereby making him a low risk candidate. The assessment of an offeror's performance risk is not intended to be a simple arithmetic function calculated against an offeror's performance on a list of contracts. Rather, the information deemed most relevant and significant by the PRAG should receive the greatest consideration.

5. After Analysis of Data:

5.1. Provide Timely Support. It is of paramount importance that the PRAG accomplish its efforts in a timely manner in order to meet source selection schedule objectives. Communication with the PCO and SSEB/SSET chairperson is critical to that end. If discussions with offerors are conducted, the PRAG must have clarification requests (CRs) prepared in time for the competitive range briefing. In the context of past performance, CRs are formal requests to the offeror for clarification on any performance data gathered that is contradictory, unclear or could lead to a moderate or high performance risk assessment. Subsequent CRs may be necessary as additional data is uncovered or becomes available. However, all communication between the Government and offerors must be completed prior to issuance of the request for Best and Final Offers (BAFOs).

5.2. Award Without Discussions. In the event award without discussions is contemplated, the PRAG must be able to demonstrate at time of business clearance that discussions regarding past performance are not necessary in order to make award. Questionnaire data which cannot be independently verified cannot normally be used in the PRAG's analysis if award without discussions is being made.

5.3. Present Initial PRAG Results at Competitive Range Briefing. It may be advantageous to provide an "in-process" presentation of PRAG findings at the competitive range briefing (if held). This presentation should show what the PRAG has done to date and any preliminary analysis of data collected. If there is a problem with the PRAG's approach, this presentation allows the PRAG to correct its approach and provide the analysis needed in the PRAG's final report. This may also provide insight into either additional contracts or points of contact for the PRAG to check concerning an individual offeror's past and present performance.

5.4. Prepare Draft PRAG Briefing. Following the analysis and assessment of the performance data, the PRAG should prepare a draft briefing presenting its summary of the data gathered and the performance risk ratings assigned. The PRAG chairperson should conduct a "dry run" of the briefing prior to the presentation to the SSA.

5.5. Prepare Draft PRAG Report. A draft of the final written PRAG report should be prepared after the completion of the draft briefing. The final report should summarize the PRAG effort and the assessment of performance risk and address, as a minimum, sources and type of performance data gathered, relevance and significance of the data, and risk assessments and supporting rationale for each.

5.6. Brief SSET or SSAC. The PRAG briefing should be presented to the SSET or SSAC at the decision briefing "dry -run". Any suggested additions, changes or other modifications to the briefing should be incorporated into the final briefing and report as necessary.

5.7. Brief SSA and Submit Final PRAG Report. After any modifications to the dry-run briefing and report are completed, the PRAG chairperson or SSET or SSAC chairperson should brief the SSA as part of the formal SSET or SSAC decision briefing and should submit the final PRAG report for inclusion with the SSET or SSAC Proposal Analysis Report (PAR) or SSAC Analysis Report. The PRAG Chairperson should be prepared to support debriefings to offerors as requested by the Contracting Officer. The content of the debriefing will be substantially the same as that presented to the SSA at the decision briefing.

LINDA G. WILLIAMS
Deputy Director of Contracting

Attachment 1**SAMPLE QUESTIONNAIRE TRANSMITTAL LETTER****LETTERHEAD**

(Date)

FOR OFFICIAL USE ONLY

The (Name of Organization) of the Air Force Materiel Command (AFMC) is in the process of selecting a contractor for a (name of program) program. (Describe in general terms the nature of the effort.)

One of the considerations in proposal evaluation is the verification of the offerors' past and present performance on contracts which reflect the offeror's ability to perform on the proposed effort. We depend on information received from agencies such as yours, which have had first hand experience with an offeror, for the evaluation of the offeror's performance on those contracts.

Our areas of interest in the offeror are summarized in the enclosed questionnaire. As discussed in our initial phone contact with your office, our schedule is extremely tight and we need your written response no later than seven calendar days after your receipt of this letter. This schedule will allow us sufficient time to analyze the data prior to the start of negotiations.

To assist you in preparing your response and expediting your reply, the questionnaire may be filled out by hand and "faxed" to XXXXXX-XXXX (Attention: _____).

Please call _____ at XXXXXX-XXXX prior to transmission or if you have any questions. Your completed questionnaire will become a part of the official Source Selection records.

Your help is greatly appreciated and your prompt response will be one of the keys to the successful and timely completion of this Source Selection.

Signature1 Atch
Questionnaire

(FOR OFFICIAL USE ONLY)
SOURCE SELECTION INFORMATION
(SEE FAR 3.104)

Attachment 2

VERIFICATION/FACT FINDING QUESTIONNAIRE STATUS WORKSHEET SAMPLE

SHEET NO. _____	PROGRAM	
	ROLE	
	CUSTOMER	
	TYPE	
	CONTRACT NUMBER	
	DURATION	
	VALUE • AWARD	
	POINT OF CONTACT	
	RESULTS OF DOCUMENT VERIFICATION	
	RELEVANCY	
	SEND QUEST	
	DATE SENT	
CONFIRMATION OF ITS RECEIPT		
TOT RETURN DATE		
ACTUAL RETURN		